

# Well Workover Project

## Application and Reporting Instructions

(FORM RPD - 41171)

Name of Individual, Firm or Organization	OGRID Number (for Tax Filer)	
Contact	Telephone Number	
Mailing Address		
City	State	Zip Code
Check One: <input type="checkbox"/> Well Operator <input type="checkbox"/> Working Interest Owner <input type="checkbox"/> Purchaser		

Multiple tax remitters may apply for Department approval on a single Form RPD-41171 provided ALL information is completed using the above format.

PUN

PROPERTY NAME

POOL NAME/NUMBER

API NUMBER

PRODUCT KIND

<input type="checkbox"/> NATURAL GAS AND/OR <input type="checkbox"/> OIL

**PLEASE ATTACH A COPY OF THE OIL CONSERVATION DIVISION'S APPLICATION FOR QUALIFICATION OF WELL WORKOVER PROJECT AND CERTIFICATION OF APPROVAL.**

---

FOR DEPARTMENT USE ONLY

### Certificate of Approval to Use Well Workover Incentive Tax Rate

Approval for use of the reduced severance tax rate of 2.45% on all production begins with sales month \_\_\_\_\_ and the Special Tax Rate Code is \_\_\_\_\_.

Special Tax Rate Codes are required to be used on your Form RPD-41132, as it applies to the specific well completion and Production Unit Number listed above.

Approved by	Date
-------------	------

# WELL WORKOVER PROJECT APPLICATION AND REPORTING INSTRUCTIONS (Section 7-29B-1 through 7-29B-6 NMSA 1978)

The Natural Gas and Crude Oil Production Incentive Act revision passed in the 44<sup>th</sup> Legislature amended the laws of 1995 by changing the tax rate and the related production by which the tax rate is applied to. The reduced severance tax rate is two and forty-five hundredths percent (2.45%) of the taxable value determined under Section 7-29-4.1 NMSA 1978, provided that the annual average price of west Texas intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on May 31 prior to the fiscal year in which the tax is to be imposed, was less than twenty-four dollars (\$24.00) per barrel. In order to qualify for the reduced rate, the well workover project must be first approved by the Oil Conservation Division (OCD) of the Energy, Minerals and Natural Resources Department. The well workover tax incentive, with this revision, applies to all of the natural gas or crude oil produced from the approved well workover project, beginning the first day of the month following the date that OCD certifies that the well workover project has been completed. The well workover project must be in compliance with rules and regulations as adopted by OCD concerning the Natural Gas and Crude Oil Production Incentive Act. **The revision to this Incentive Act was effective with May 1999 tax reporting, due on or before July 25, 1999.**

**1. Who may use the well workover incentive tax rate:** The tax filer who is responsible for paying the production taxes on oil, on other liquid hydrocarbons removed at or near the wellhead, or on natural gas produced from a well which has been approved and designated as a well workover project by OCD.

**2. Who must file the application:** Any tax filer who is using the reduced severance tax rate. If the special tax rate code for a well workover project is used without receiving prior approval, the tax filer may be assessed the additional severance tax at the regular rate.

**3. How and where to file the application:** Complete this form and send it, along with a copy of OCD's Certification of Approval and the production projection for the well workover project, to the Taxation and Revenue Department, P. O. Box 2308, Santa Fe, NM 87504-2308. A separate application must be filed for each qualifying well.

**4. When to apply for the well workover incentive tax rate:** When OCD certifies that the well workover project has been completed and has certified the production projection for that project. After validating the production unit number and well completion(s) on your application, the Department will mail a certification of approval to use the well workover incentive tax rate and will provide the special tax rate code to be used when reporting. **Please do not use the reduced rate before you receive approval.**

**5. How to report the reduced tax rate:** The revised well workover incentive tax rate applies to all of the natural gas or crude oil produced from the approved well workover project, effective with May 1999 tax report. You must report a separate tax detail line associated to the volumes and related taxable value of the well workover project. See Example.

**6. Claim for refund:** If the reduced severance tax rate was not applied when reporting production taxes for an eligible well after the effective date, the taxpayer may file a claim for refund by submitting amended returns using the instructions stated above and in accordance with Section 7-1-26 NMSA 1978.

## Mail or deliver the completed form to:

New Mexico Taxation and Revenue Department  
Oil and Gas Bureau  
1200 South St. Francis Drive  
P. O. Box 2308  
Santa Fe, NM 87504-2308  
Telephone: (505) 827-0805